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JUN 1 2012
15:00

FILED

JUN 01 2012

**SURFACE
TRANSPORTATION BOARD**

Karl Morell
Of Counsel

kmorell@balljanik.com

June 1, 2012

BY HAND DELIVERY

232382

Cynthia Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

Re: STB Finance Docket No. 35604, Watco Holdings, Inc. –
Continuance In Control Exemption – San Antonio Central
Railroad, L.L.C.

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified
Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check
covering the \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of
Exemption and return it with our messenger.

If you have any questions, please call me.

Sincerely,

Karl Morell
Of Counsel

**ENTERED
Office of Proceedings**

JUN 01 2012

**Part of
Public Record**

FEE RECEIVED

JUN 01 2012

**SURFACE
TRANSPORTATION BOARD**

Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35604

**WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
SAN ANTONIO CENTRAL RAILROAD, L.L.C.**

**VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)**

**KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 638-3307**

**Attorney for:
WATCO HOLDINGS, INC.**

Dated: June 1, 2012

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35604

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
SAN ANTONIO CENTRAL RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Holdings, Inc. ("Watco"), files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of San Antonio Central Railroad, L.L.C. ("SAC"), a non-carrier, upon SAC becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction.
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed.

Watco, a non-carrier, is a Kansas corporation which currently controls, indirectly, twenty five (25) Class III railroads and one (1) Class II railroad, collectively operating in 21 States. Watco also owns, indirectly, 100 percent of the issued and outstanding stock of SAC, a Texas limited liability company and a non-carrier that was formed for the purpose of leasing and operating the rail lines in San Antonio, Texas owned by the Port Authority of San Antonio ("Port"). Concurrently with the filing of this Notice of Exemption, SAC is filing a Notice of

Exemption in STB Finance Docket No. 35603, *San Antonio Central Railroad, L.L.C. – Lease Exemption – Port Authority of San Antonio*, under 49 C.F.R. § 1150.31, to lease and operate the Port’s rail lines. Upon consummation of the transaction in STB Finance Docket No. 35603, SAC will become a Class III carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Inc. (“SKO”), Palouse River & Coulee City Railroad, L.L.C. (“PRCC”), the Timber Rock Railroad, L.L.C. (“TIBR”), the Stillwater Central Railroad, L.L.C. (“SLWC”), the Eastern Idaho Railroad, L.L.C. (“EIRR”), Kansas & Oklahoma Railroad, L.L.C. (“K&O”), the Pennsylvania Southwestern Railroad, L.L.C. (“PSWR”), the Great Northwest Railroad, L.L.C. (“GNR”), the Kaw River Railroad, L.L.C. (“KRR”), the Mission Mountain Railroad, L.L.C. (“MMT”), the Mississippi Southern Railroad, L.L.C. (“MSRR”), the Yellowstone Valley Railroad, L.L.C. (“YVRR”), the Louisiana Southern Railroad, L.L.C. (“LSRR”), the Arkansas Southern Railroad, L.L.C. (“ARSR”), the Alabama Southern Railroad, L.L.C. (“ABS”), the Vicksburg Southern Railroad, L.L.C. (“VSOR”), the Austin Western Railroad, L.L.C. (“AWRR”), the Baton Rouge Southern Railroad, L.L.C. (“BRSR”), the Pacific Sun Railroad, L.L.C. (“PSRR”), the Grand Elk Railroad, Inc. (“GER”), Alabama Warrior Railway, L.L.C. (“AWR”), Boise Valley Railroad, L.L.C. (“BVR”); Autauga Northern Railroad, L.L.C. (“ANRR”); Swan Ranch Railroad, L.L.C. (“SRRR”); Wisconsin & Southern Railroad Company (“WSOR”); and Birmingham Terminal Railway (“BRS”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR and BRS are Class III carriers which operate rail lines in 19 States. WSOR is a Class II carrier operating in 2 States. SAC will become a Class III carrier.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, BRS and WSOR do not connect with the rail lines that will be operated by SAC. The rail lines that will be operated by SAC are located in San Antonio, Texas. No other Watco railroad operates rail lines in or near San Antonio.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by SAC with any railroad in the Watco corporate family. Finally, neither SAC nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board.

The name and business address of Applicants are as follows:

Watco Holdings, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Austin Western Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Vicksburg Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad, Inc.
123 N. Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, L.L.C.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, L.L.C.
123 N. Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, L.L.C.
618 Shoshone St. West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, L.L.C.
1825 W. Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, L.L.C.
10th Street and Midland Avenue
Midland, PA 15059

Great Northwest Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Alabama Warrior Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Boise Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Autauga Northern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Birmingham Terminal Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Swan Ranch Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Wisconsin & Southern Railroad, L.L.C.
5300 North 33rd Street
Milwaukee, WI 53209-0229

San Antonio Central Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:

**Karl Morell
Of Counsel
Ball Janik LLP
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307**

- (ii) The proposed time schedule for consummation of the proposed transaction.**

Watco intends to consummate this transaction on or shortly after the effective date of this notice of exemption.

- (iii) The purpose sought to be accomplished by the proposed transaction.**

Watco intends to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated.**

SKO's lines are located in Missouri, Kansas and Oklahoma.

EIRR's lines are located in Idaho.

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana.

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMT's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas and Oklahoma

ABS's lines are located in Mississippi and Alabama.

VSOR's lines are located in Mississippi.

AWRR's lines are located in Texas.

BRSR's lines are located in Louisiana.

PSRR's lines are located in California.

GER's lines are located in Indiana and Michigan.

AWR's lines are located in Alabama.

BVR's lines are located in Idaho.

ANRR's lines are located in Alabama.

SRRR's lines are located in Wyoming.

WSOR's rail lines are located in Wisconsin and Illinois.

BHRR's lines are located in Alabama.

SAC's rail lines will be located in Texas.

(6) Map.

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR,

PSRR, GER, AWR, BVR, ANRR, SRRR, WSOR, and BHRR and the rail lines to be operated by SAC are attached as Exhibit 1.

(7)(ii) Agreement.

Watco will not enter into any agreement, or sign any written instrument, to continue in control of SAC.

SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, and BHRR are Class III carriers, and SAC will become a Class III carrier. WSOR is a Class II carrier. Because the transaction involves the control of one or more Class III rail carriers and one Class II rail carrier, the transaction is subject to the labor protective requirements of 49 U.S.C. § 11326(b) and *Wisconsin Central LTD. – Acquisition Exem. – Union Pac. RR*, 2 S.T.B. 218 (1997).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control SAC for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

Watco's continuance in control of SAC will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of

the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", written over a horizontal line.

KARL MORELL
Of Counsel
BALL JANIK LLP
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO HOLDINGS, INC.

Dated: June 1, 2012

VERIFICATION

STATE OF KANSAS
COUNTY OF CRAWFORD

)
)
) ss.

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Holdings, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 15th day of March, 2012, in the County of Crawford, State of Kansas.

My Commission Expires: 12/09/15


Tiffany Reed
Notary Public



EXHIBIT 1

MISSISSIPPI

ALABAMA

Prattville

LEGEND:

Alabama Southern RR (ASR)

Alabama Southern Trackage Rights

Interchanges - Track miles 85

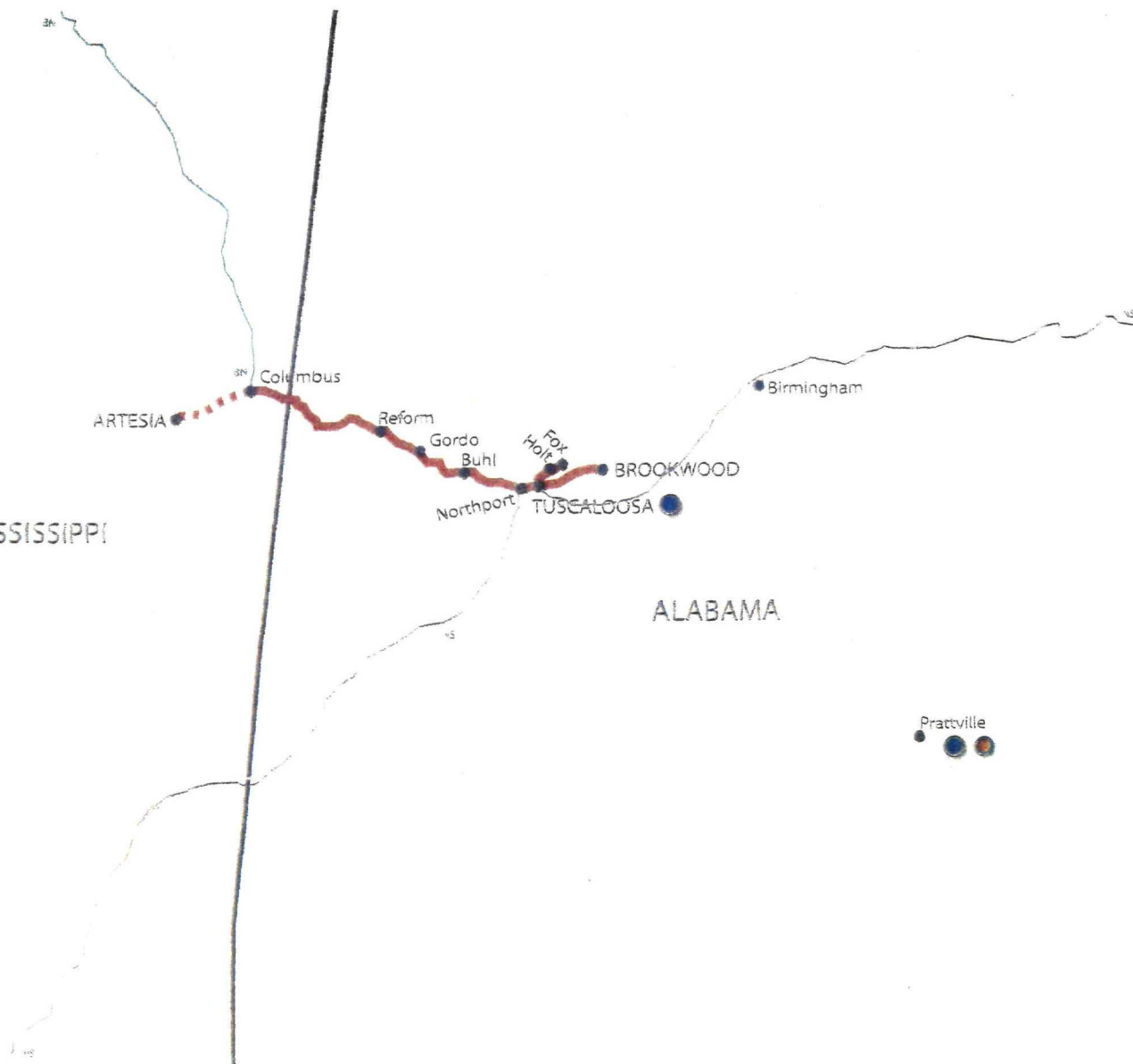
- Artesia

- Brookwood

NS - Tuscaloosa

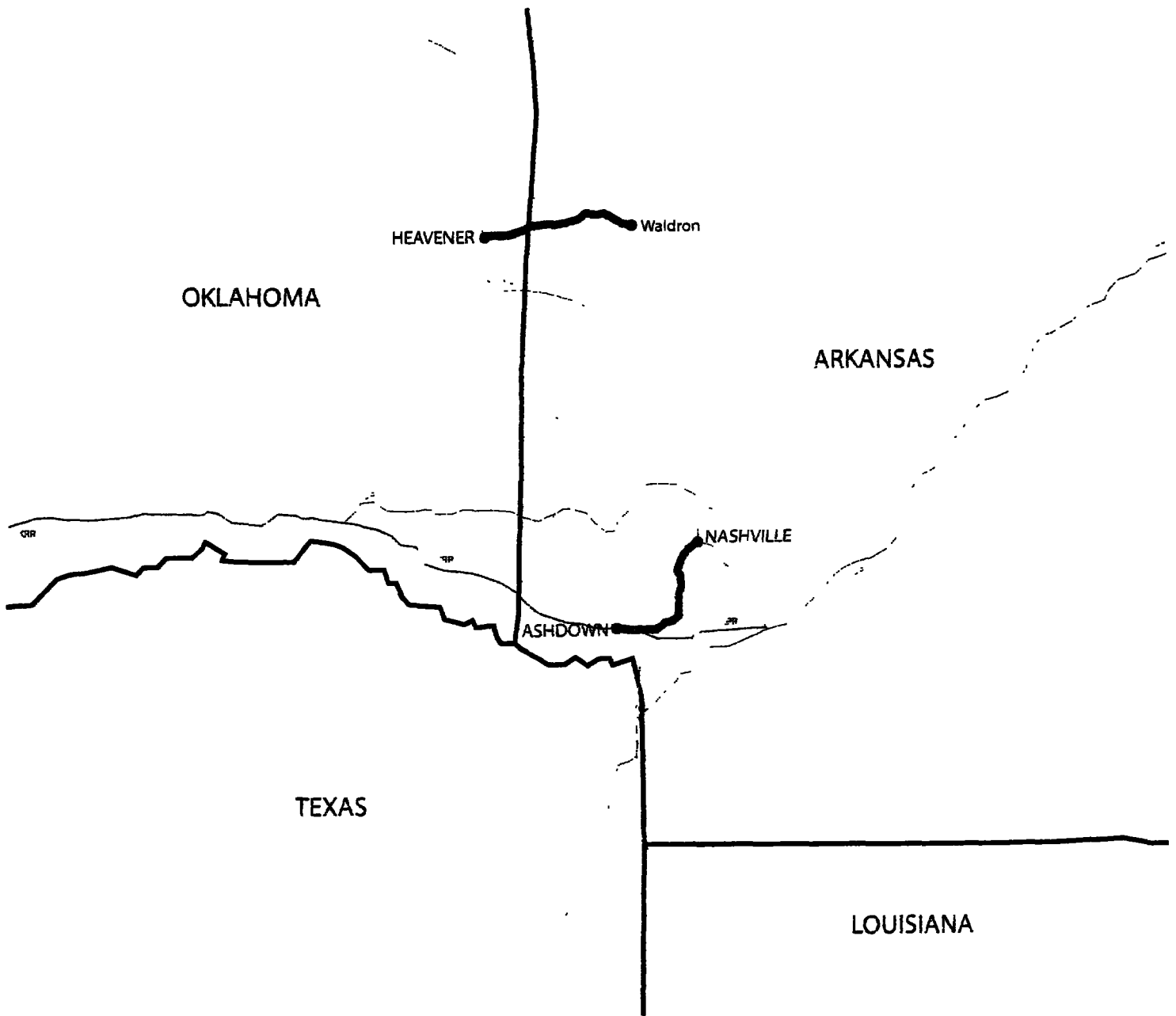
● Mechanical Services

● Switching Services





LEGEND:	
Alabama Warrior RR (ABWR)	
Interchanges - Track miles 15	
BNSF - Birmingham	
NS - Birmingham	
Mechanical Services	
Switching Services	
Transload Services	



LEGEND:

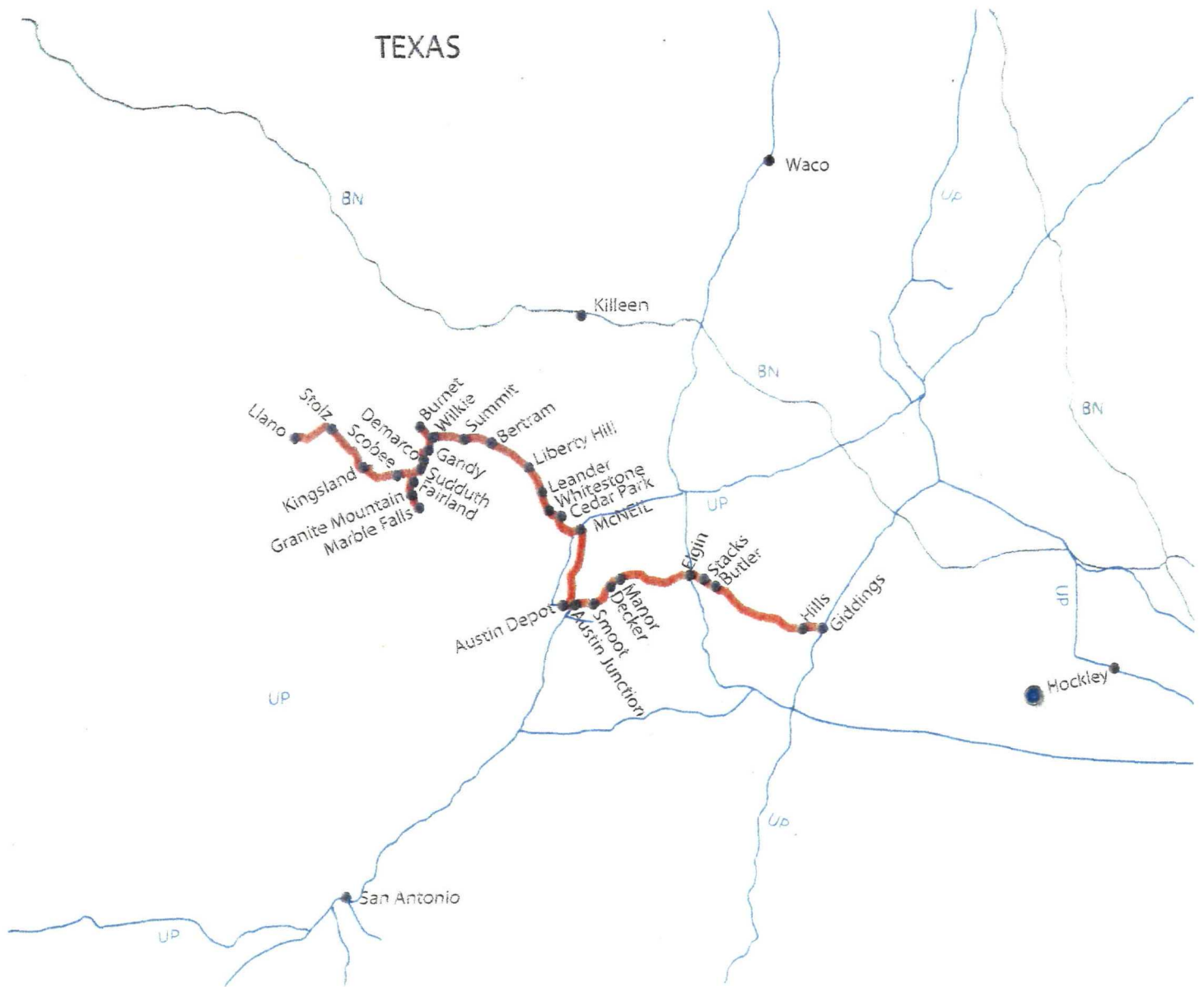
Arkansas Southern RR (ARS):

interchanges - Track miles 62

- Ashdown, Heavener

- Nashville

TEXAS



LEGEND:

Austin Western RR (AWRR)

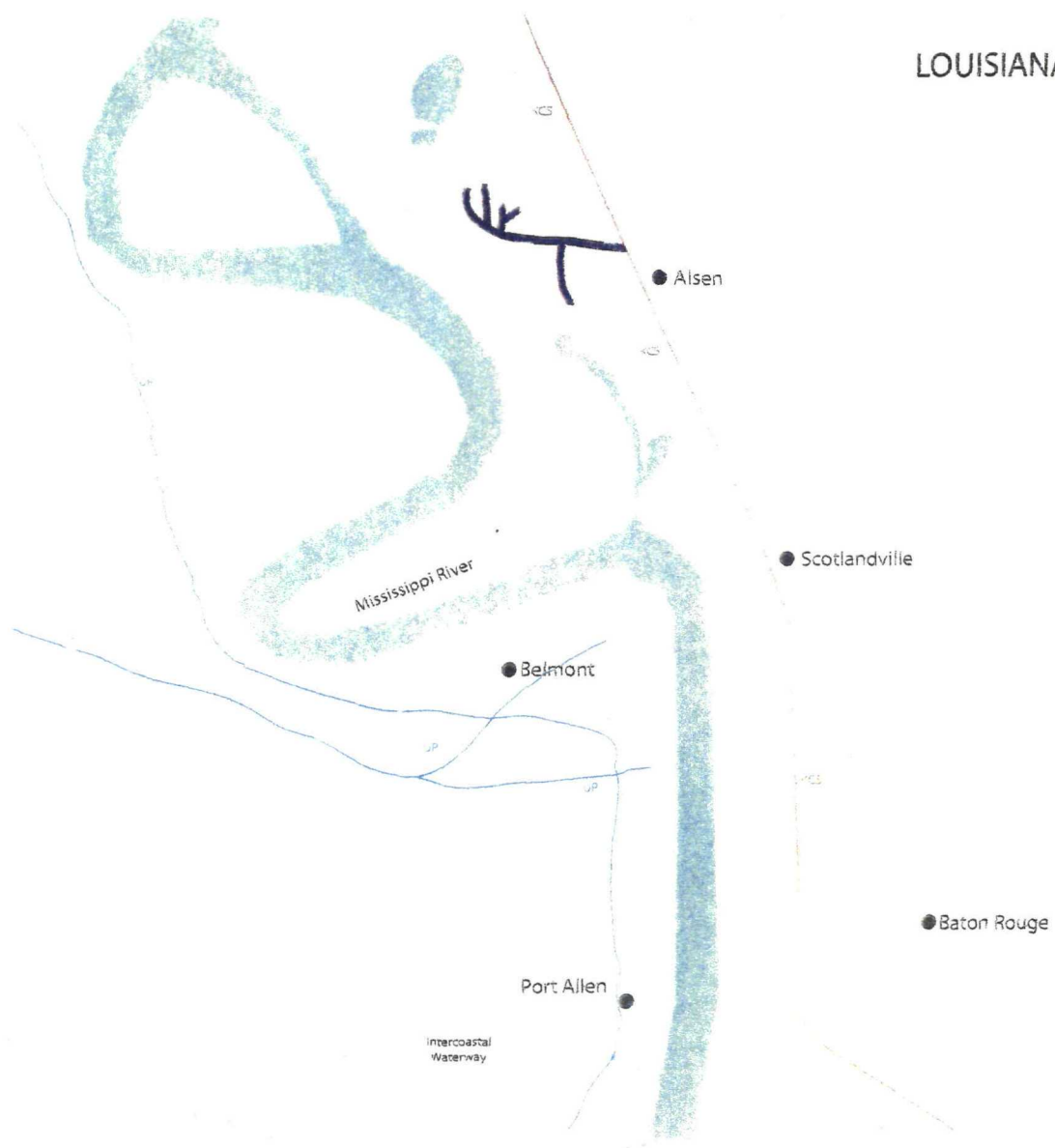
Interchanges - Track miles 154

UP - McNeil

BNSF - McNeil

● Mechanical Services

LOUISIANA



LEGEND: Baton Rouge Southern RR (BRS)		Interchanges - Track miles 1.5
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MISSISSIPPI

ALABAMA



LEGEND:

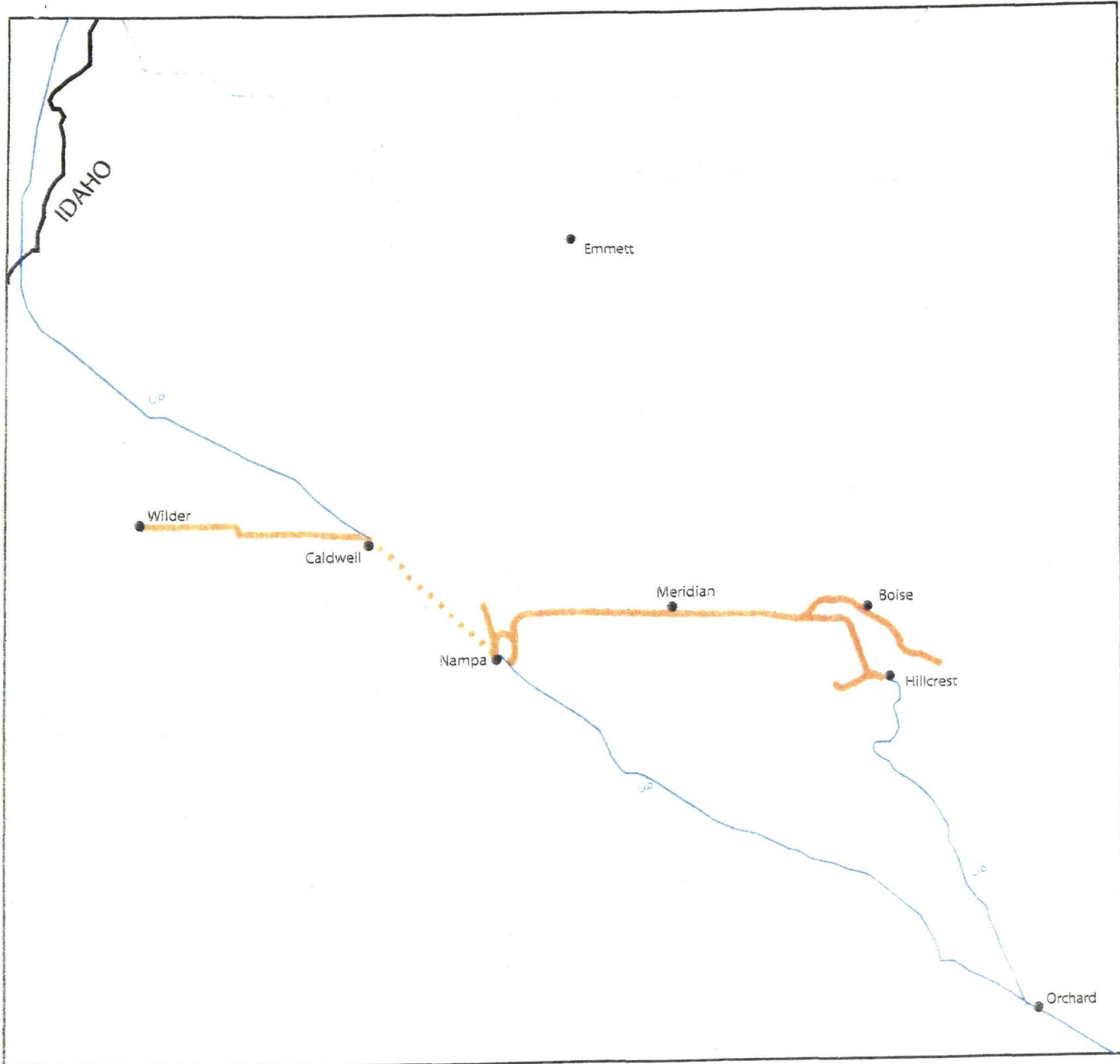
Birmingham Terminal Railway (BHRR)

Interchanges - Track miles 75.9

NS - Ensey (Fairfield)

CSX - Ensey (Fairfield)

BNSF - Birmingham



LEGEND:

Boise Valley RR (BVR)

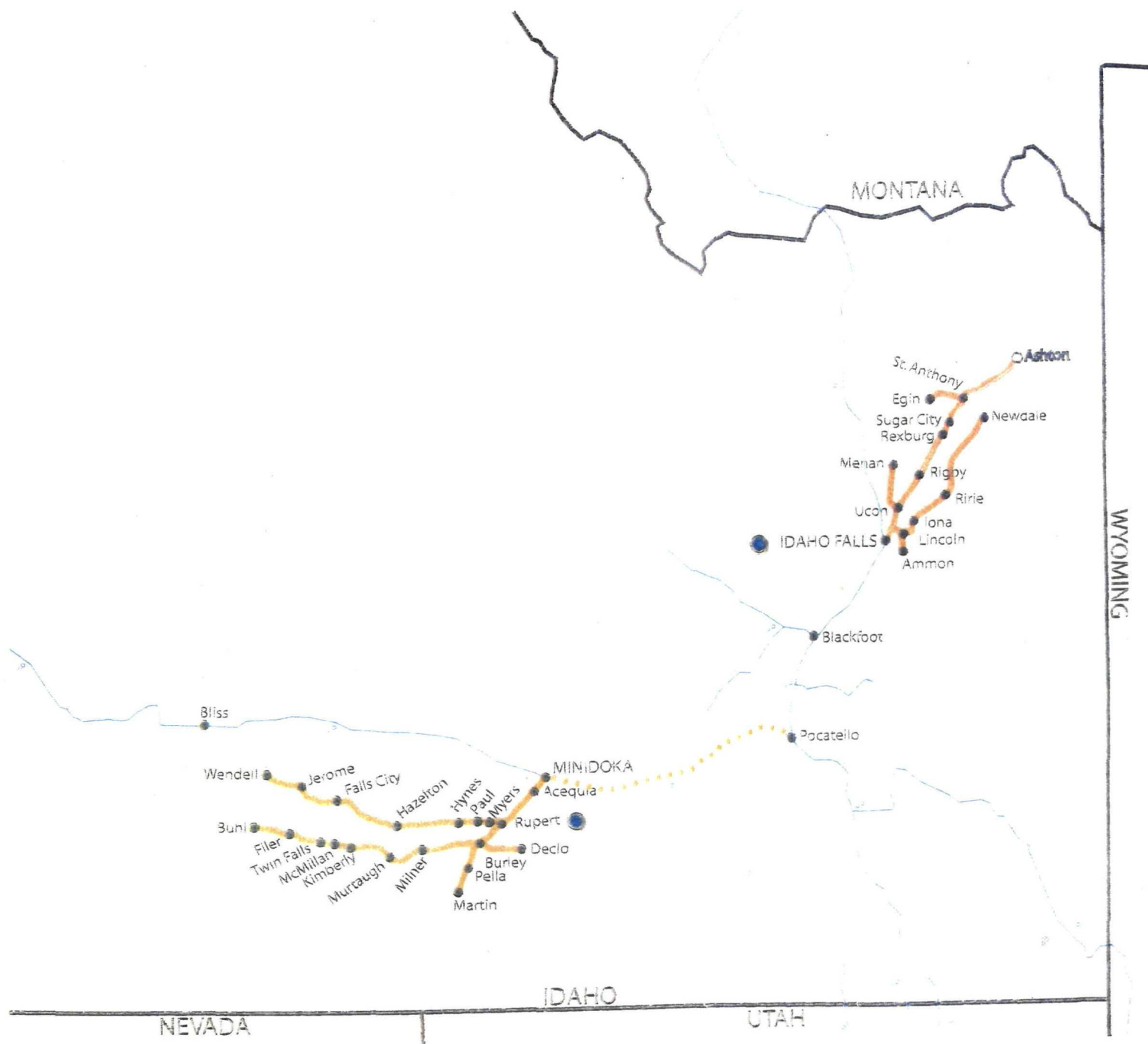
Boise Valley Trackage Rights

Idaho Northwest & Pacific

Union Pacific

Interchanges - Track miles 36

UP - Nampa, Caldwell



LEGEND:

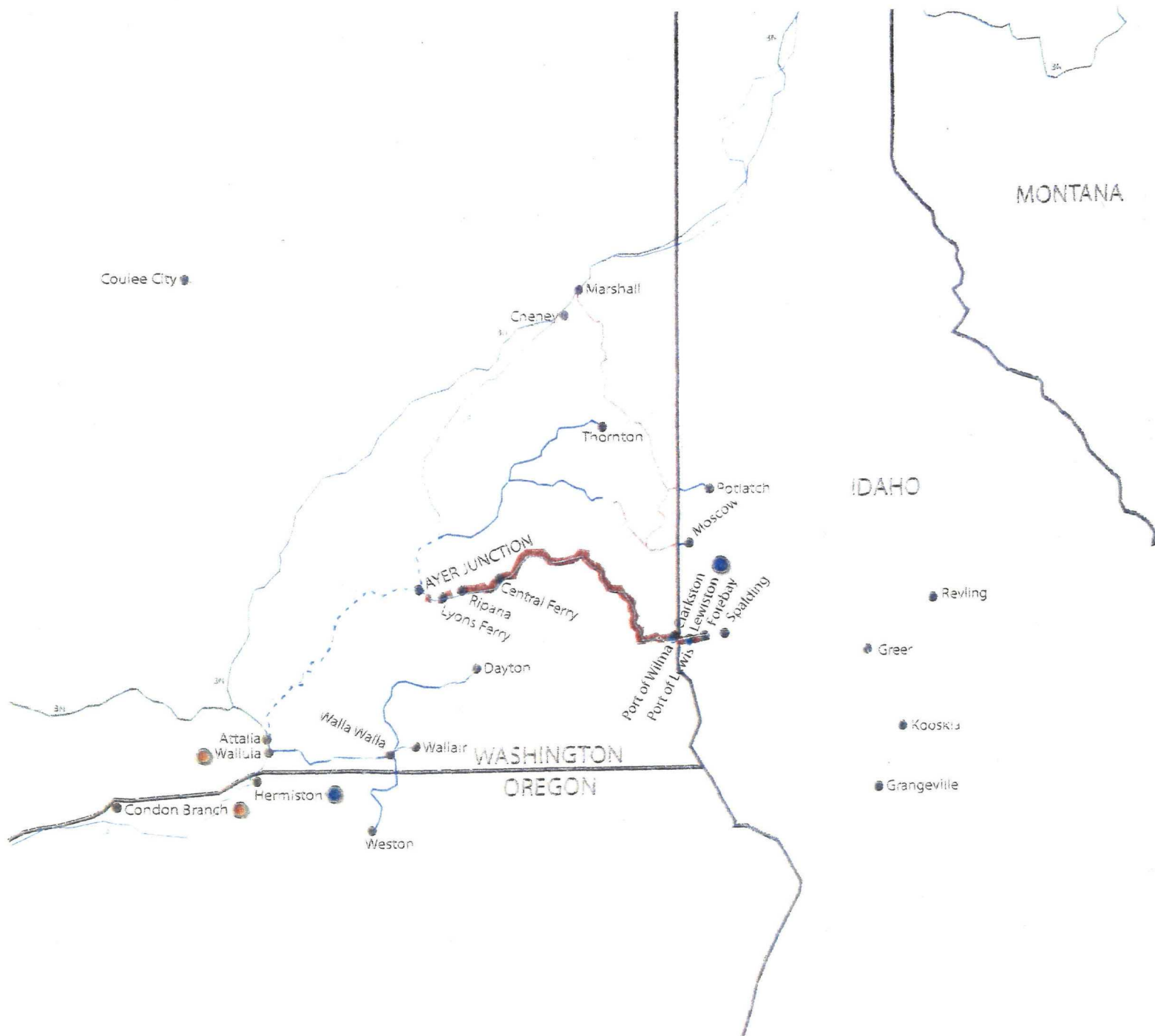
Eastern Idaho RR (EIRR)

Eastern Idaho Trackage Rights

Interchanges - Track miles 270

• - Minidoka, Idaho Falls

• Mechanical Services



LEGEND:

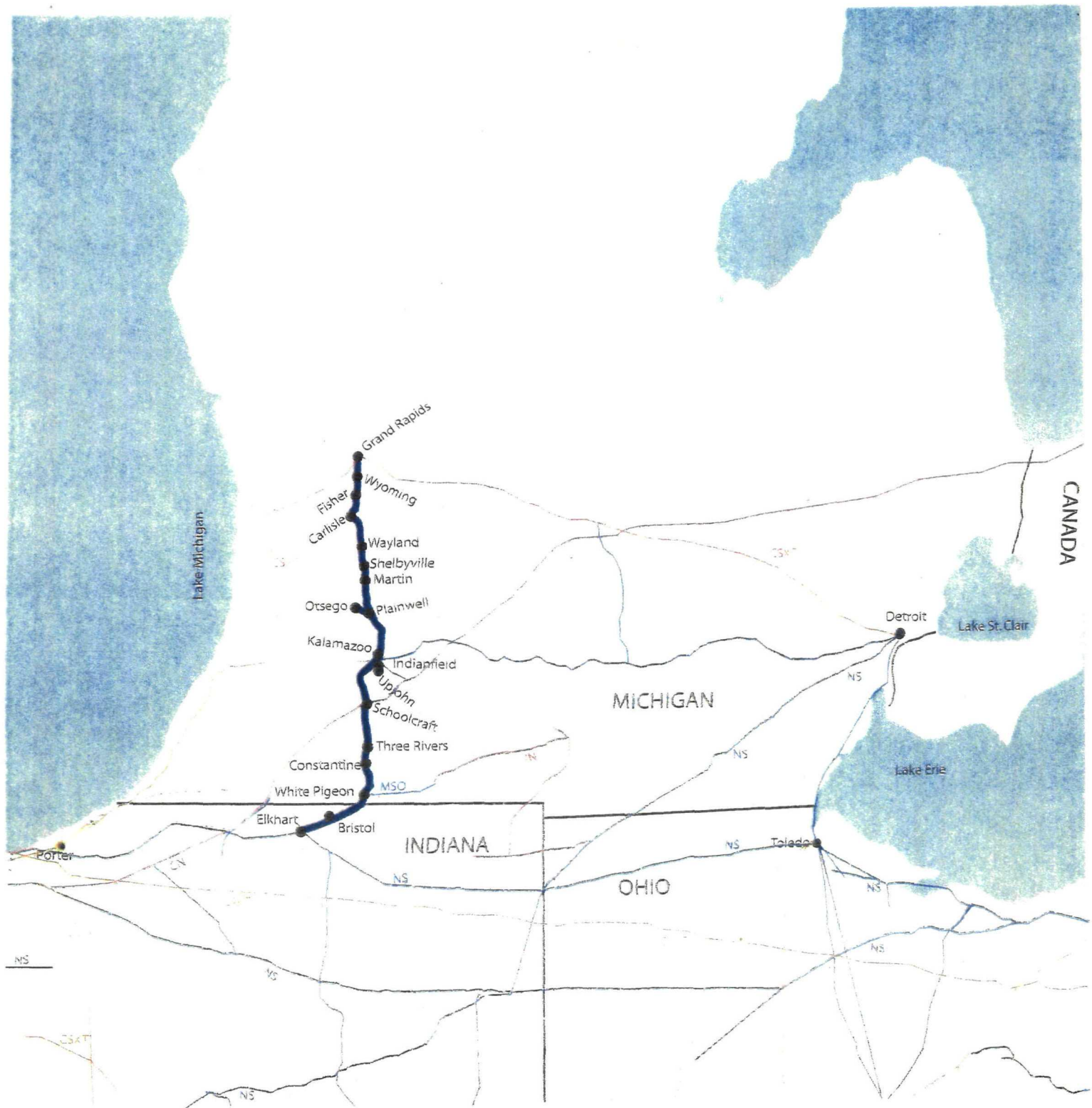
Great Northwest RR (GNW)
 Great Northwest Trackage Rights
 Palouse River & Coulee City RR (PCC)
 Palouse River & Coulee City Trackage Rights
 BG & CM Railroad
 Eastern Washington Gateway RR
 Washington and Idaho Railway

Interchanges - Track miles 77

JP BNSF - Ayer

● Mechanical Services

● Switching Services



LEGEND:

Grand Elk Railroad

Interchanges

Other Lines

CSKT

Indiana Northeastern

Michigan Southern

Grand Elk Railroad

Norfolk Southern

Interchanges

NS - Elkhart, IN & Kalamazoo, MI

CN - Kalamazoo, MI

CSKT - Grand Rapids, MI

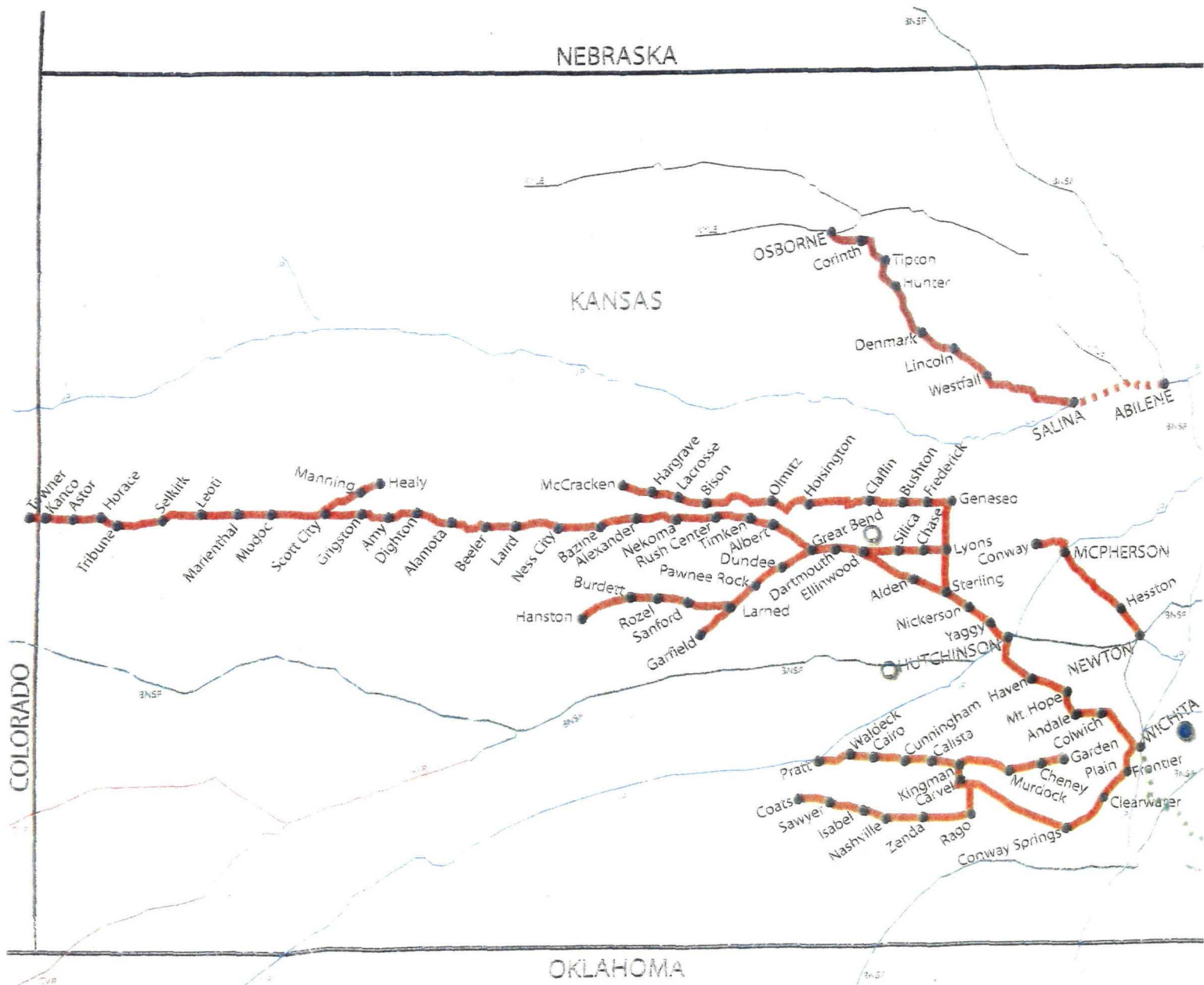
- Grand Rapids, MI

- Grand Rapids, MI

- Grand Rapids, MI

MSQ - White Pigeon, MI

Total Miles: 122.9



LEGEND:

Kansas & Oklahoma RR (KO)
 Kansas & Oklahoma Trackage Rights
 South Kansas & Oklahoma RR Trackage Rights (SKO)
 Kyle Railroad (KYLE)
 Cimmaron Valley Railroad (CVR)



Interchanges - Track miles 820

BNSF - Abilene, Hutchinson, Newton, Wichita

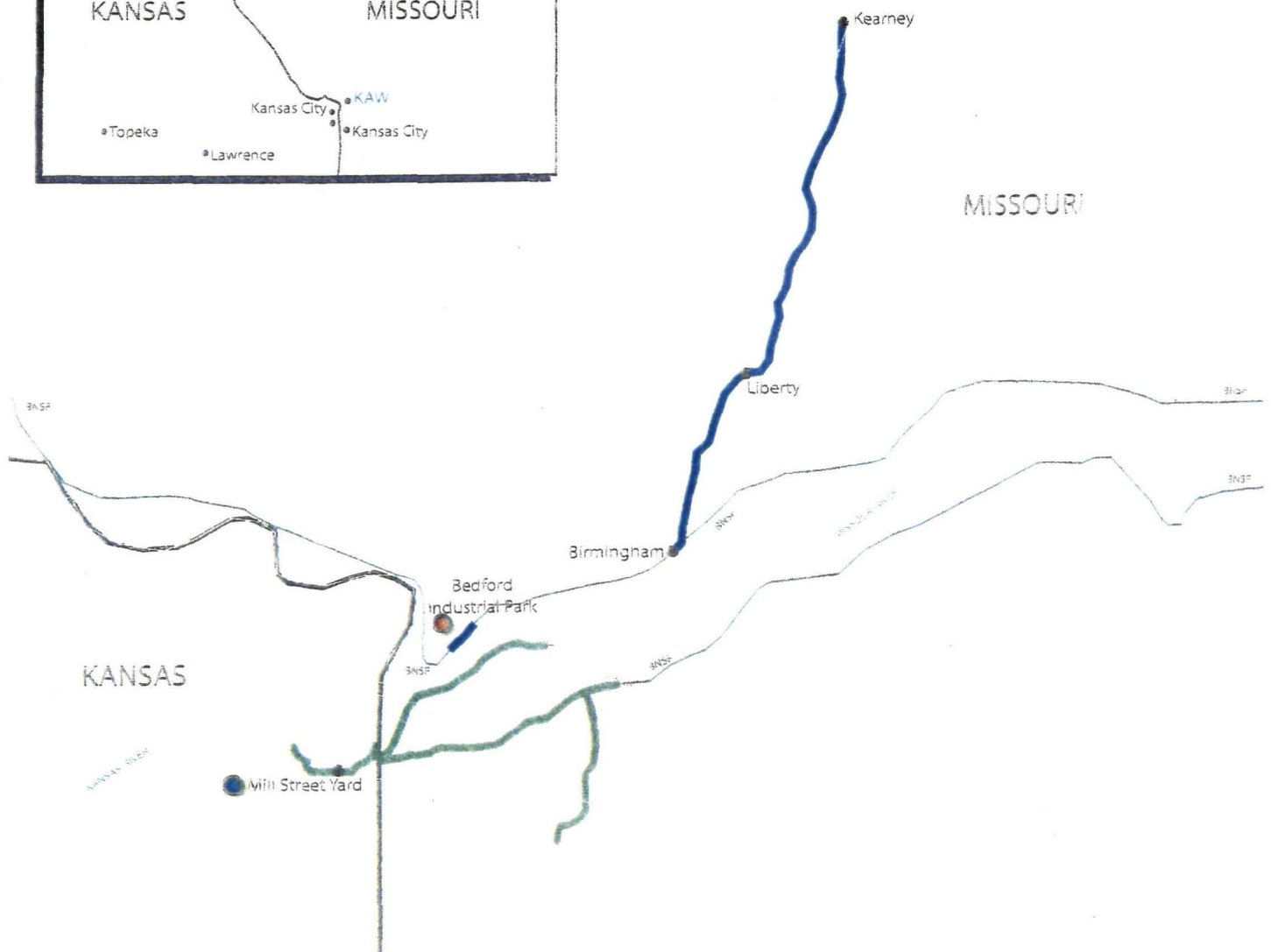
K&O - Osborne

- Wichita

UP - Hutchinson, McPherson, Salina, Wichita

● Mechanical Services

○ Transload/Warehouse Services



LEGEND:

KAW River Railroad (KAW):



Interchanges

BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham, MO (Kearney Subdivision)

Track miles - 21

Kansas City Transportation Company LLC (KCTU):



Interchanges - Track miles 32

BNSF - Kansas City, KS

ICE - Kansas City, MO/KS

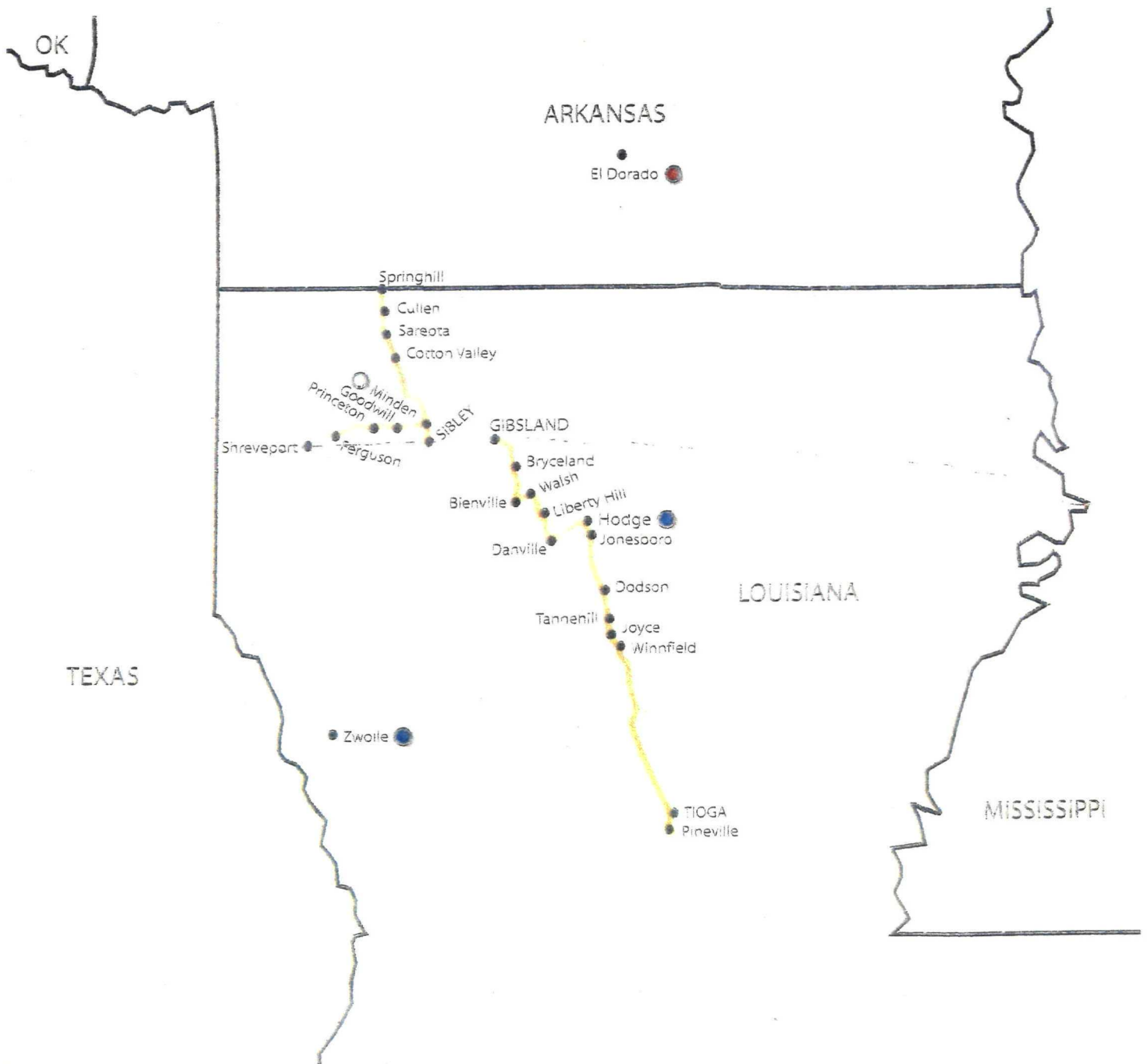
- Kansas City, MO/KS

NS - Kansas City, MO

UP - Kansas City, MO/KS

Mechanical Services

Switching Services



LEGEND:

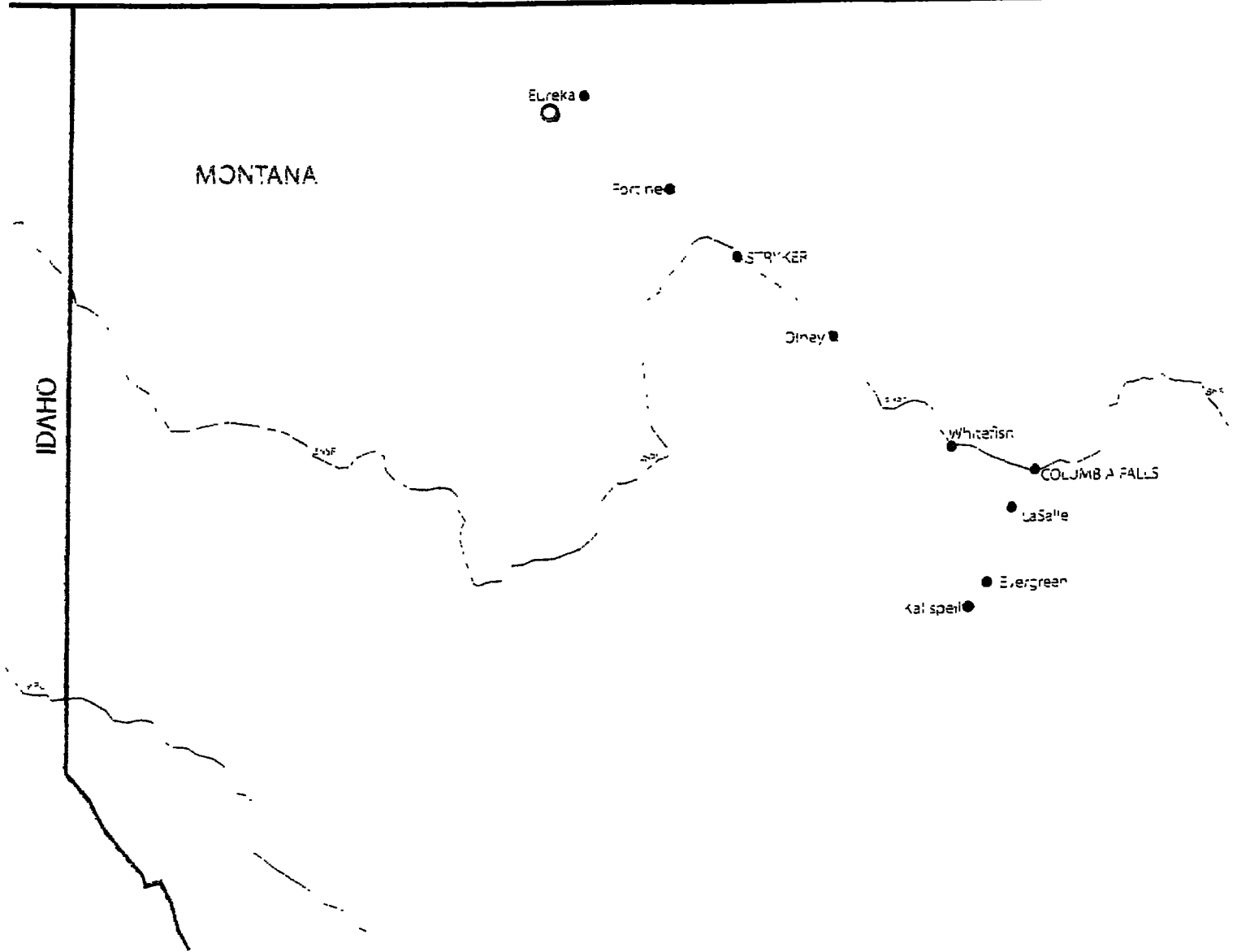
Louisiana Southern RR (LAS) - —

Interchanges - Track miles 166.6

- Gibsland, Tioga, Sibley

- Mechanical Services
- Switching Services
- Transload/Warehouse Services

CANADA



LEGEND:

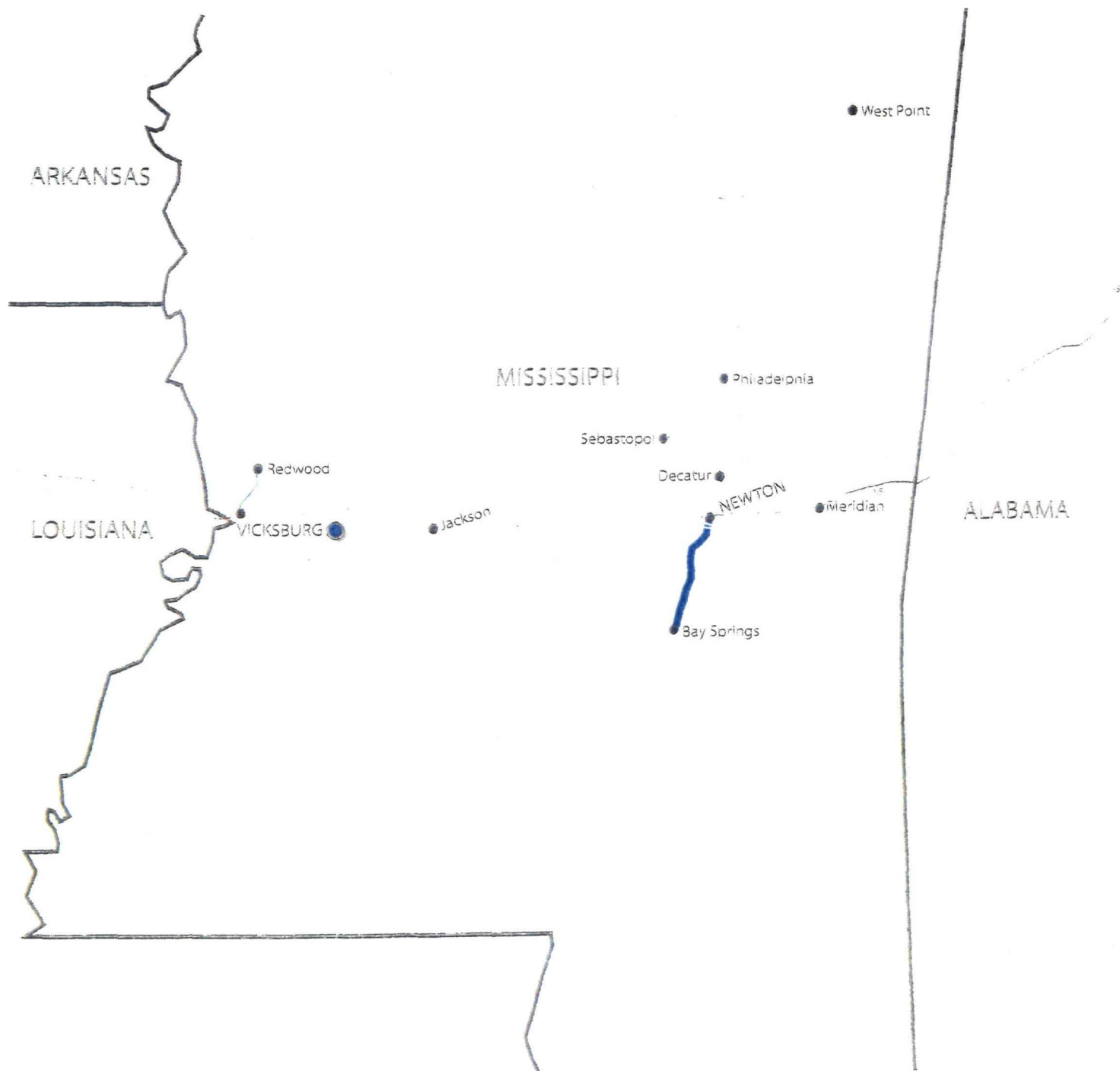
Mission Mountain Railroad (MMR)

Montana Rail Link (MPL)

Interchanges - Track miles 39.5

39.5 - Stryker Columbia Falls

○ Transload/Warehouse Services



LEGEND:

Mississippi Southern RR (MSR)
 Mississippi Southern RR Trackage Rights
 Vicksburg Southern Railroad



Interchanges - Track miles 28
 - Newton

 Mechanical Services

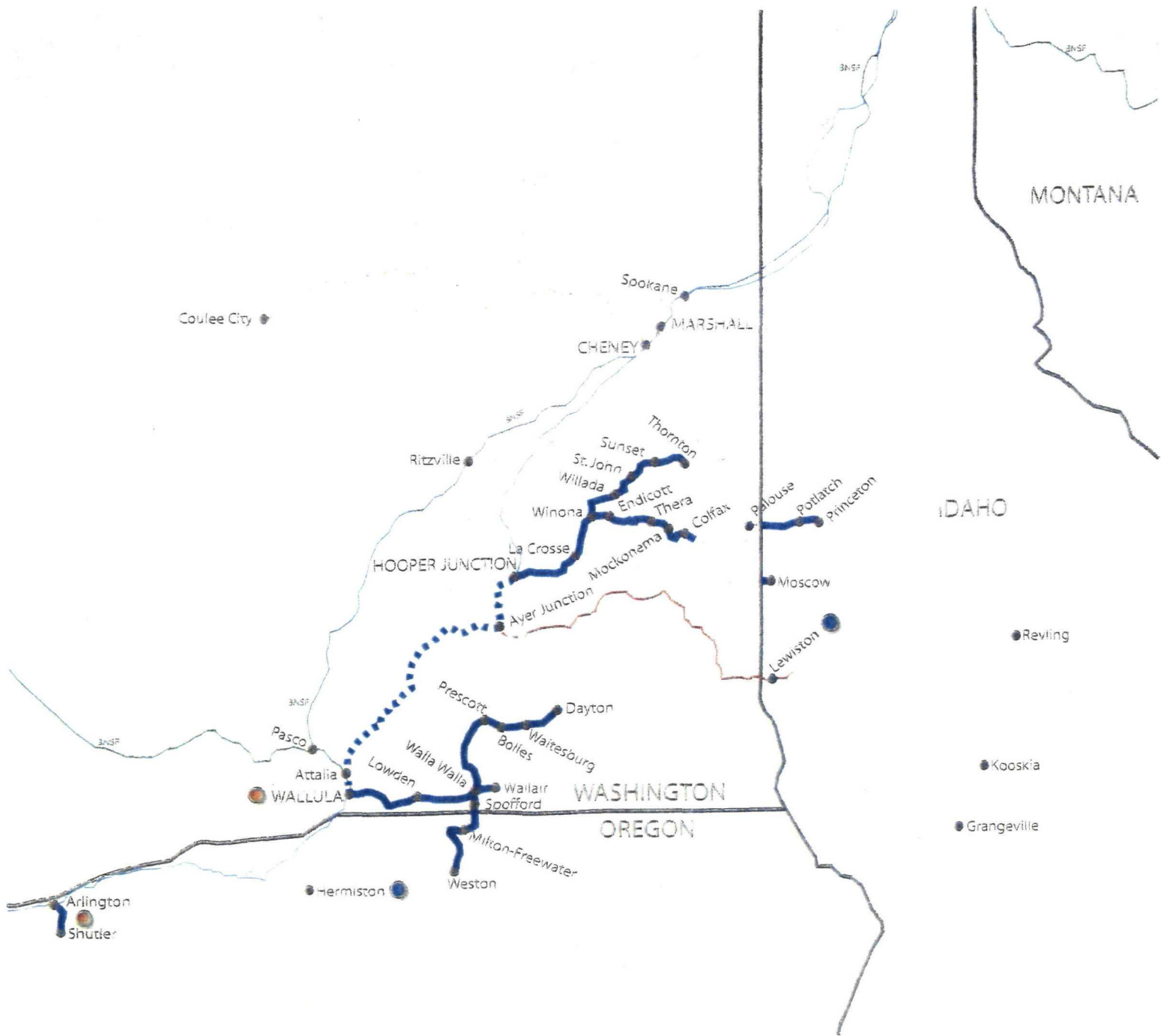


LEGEND:

Pacific Sun RR (PSRR)

Switching Services

Interchanges - Track miles 62
BNSF - Oceanside

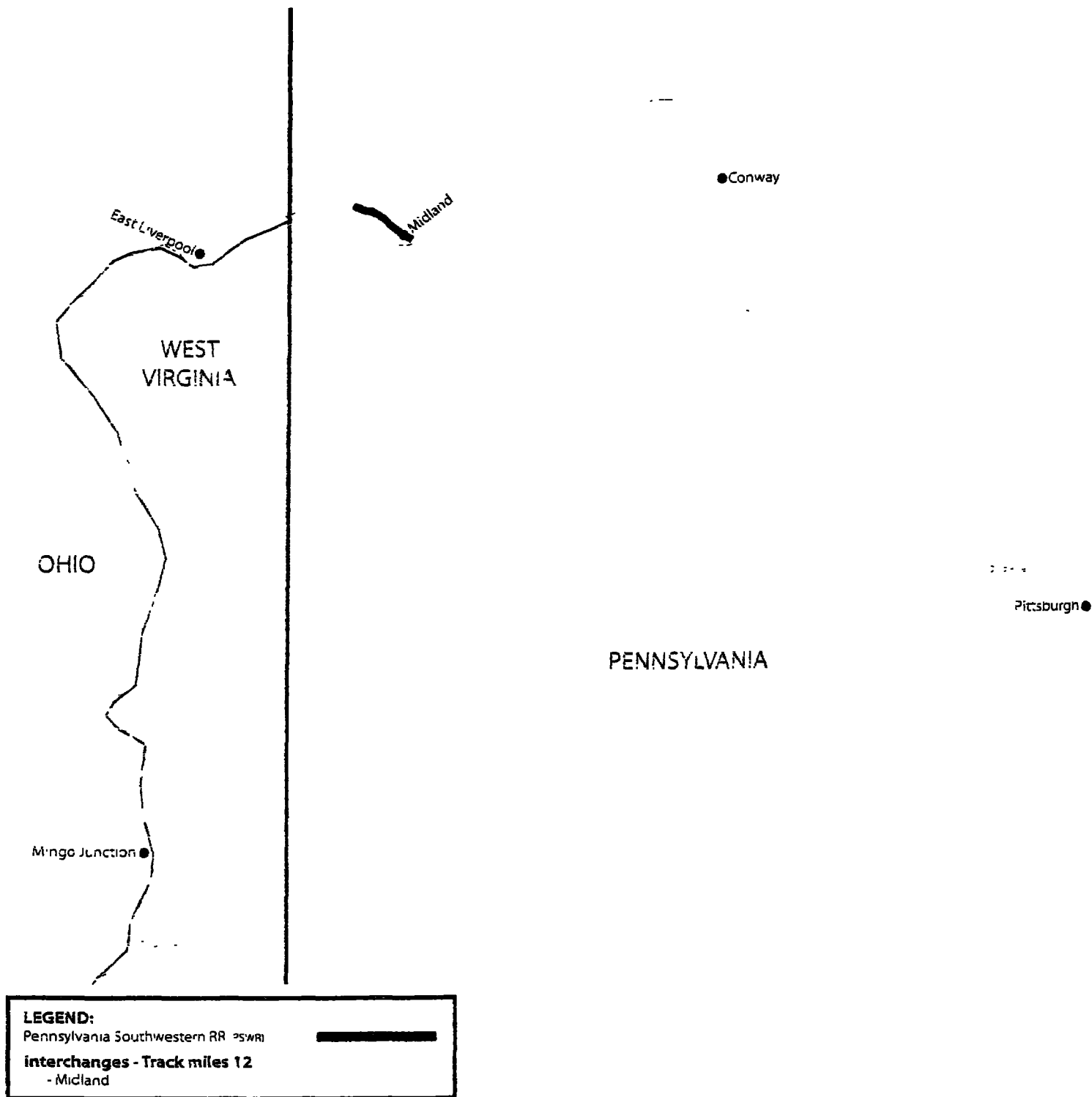


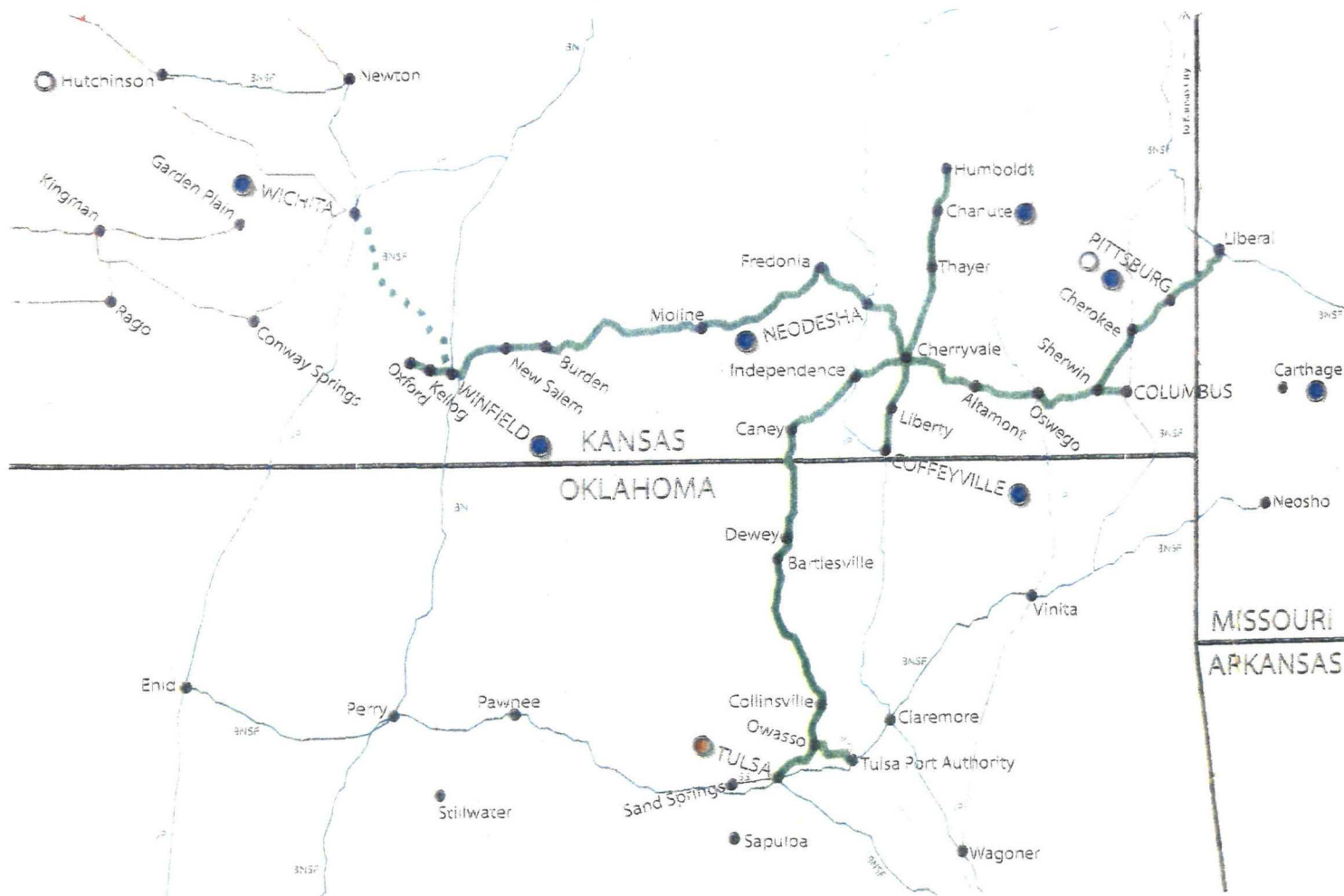
LEGEND:

Palouse River & Coulee City RR (PRCC)
 Palouse River & Coulee City Trackage Rights
 Great Northwest RR
 Great Northwest RR Trackage Rights
 Washington and Idaho Railway
 Eastern Washington Gateway RR
 BG & CM Railroad

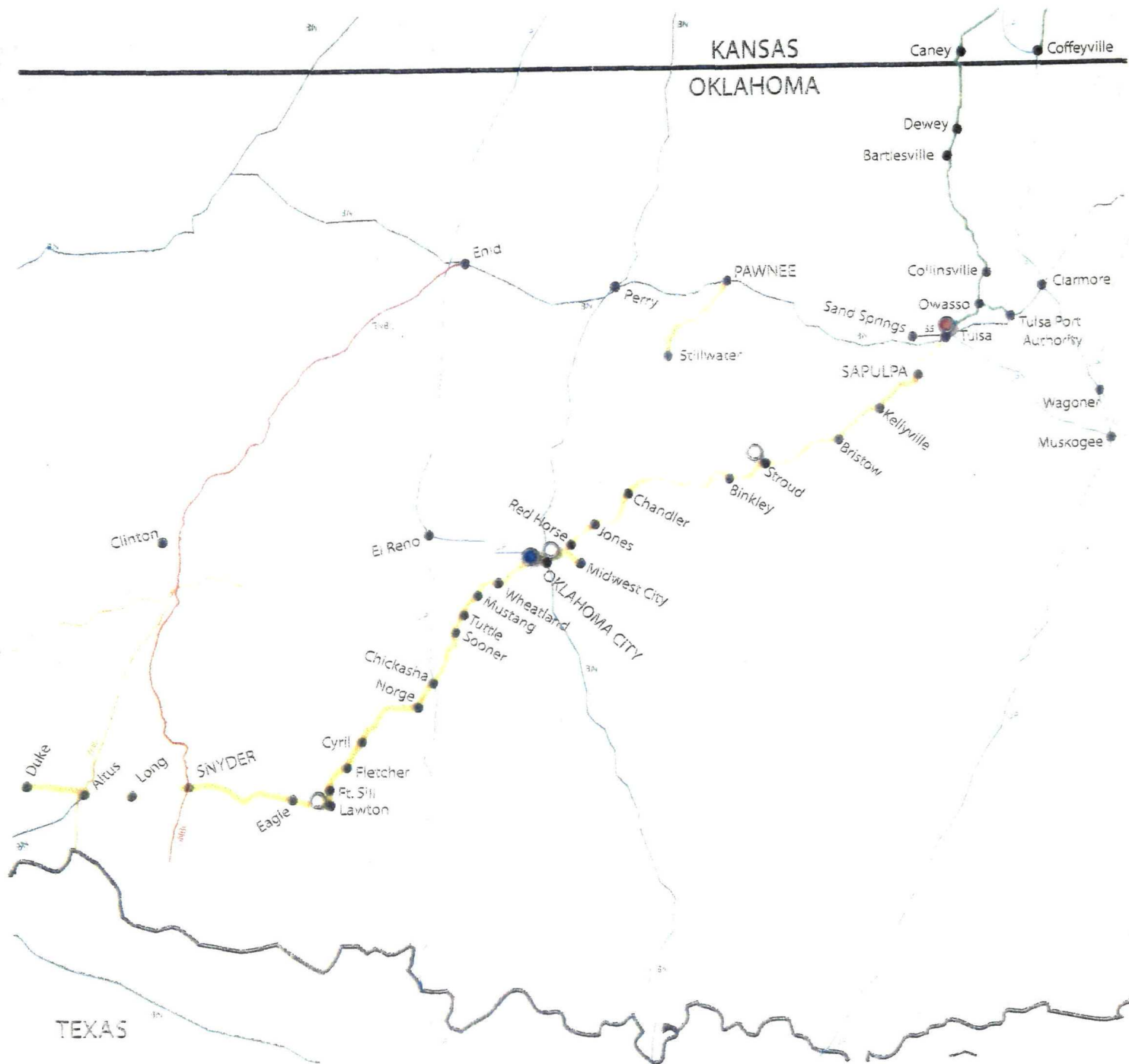
Interchanges - Track miles 202

BNSF - Wallula
 Hooper Junction, Wallula
 Mechanical Services
 Switching Services





LEGEND:	
South Kansas & Oklahoma RR (SKOR)	interchanges - Track miles 380
South Kansas & Oklahoma Trackage Rights (SKOR)	UP - Coffeyville, Winfield, Tulsa, Neodesha
Kansas & Oklahoma RR (K&O)	BNSF - Winfield, Tulsa, Columbus
Stillwater Central RR (SWC)	- Pittsburg
Stillwater Central Trackage Rights (SWC)	43 - Wichita
Sand Springs RR (SSR)	55 - Tulsa
Tulsa's Port of Catoosa (PCO)	- Tulsa
● Mechanical Services	
● Switching Services	
○ Transload/Warehouse Services	

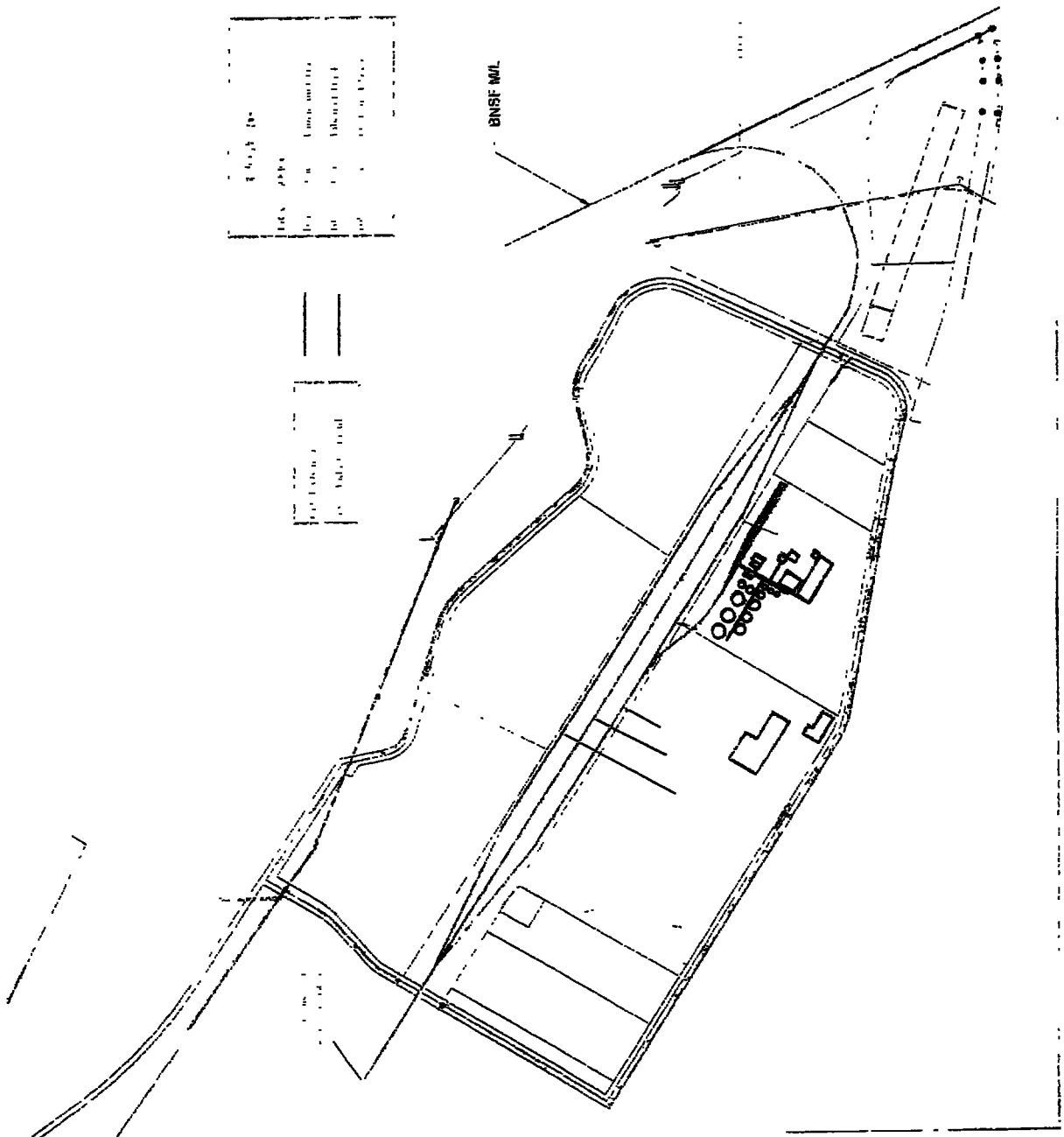


LEGEND:

Stillwater Central Railroad (SWC)
 Stillwater Central Trackage Rights
 South Kansas & Oklahoma RR (SKOR)
 Sand Springs RR (SS)
 Grainbelt Corporation (GNBC)
 ● Mechanical Services
 ● Switching Services
 ○ Transload/Warehouse Services

Interchanges - Track miles 265.4

BNSF - Oklahoma City, Pawnee, Sapulpa,
 Snyder, Altus
 - Altus
 GNBC - Snyder
 - Tulsa
 JP - Oklahoma City



Swan Ranch Railroad LLC



LEGEND:

Timber Rock RR (TBR)

Interchanges - Track miles 168

BNSF - Tenaha, Silsbee

- DeRidder

SRM - Bessmay

● Mechanical Services

● Switching Services

○ Transload/Warehouse Services

● Port Operations

A hand-drawn map showing the border between Arkansas and Louisiana. The border is a jagged line running vertically. To the left of the border is 'ARKANSAS' and to the right is 'LOUISIANA'. A horizontal line crosses the border from the left. On the Arkansas side, there are two points labeled 'Redwood' and 'Cedars'. A point labeled 'WICKSVILLE' is marked with a solid black circle on the border line, between Redwood and Cedars. A dashed line extends from the left towards the border near Wicksville. The text 'MISSISSIPPI' is partially visible on the right edge.

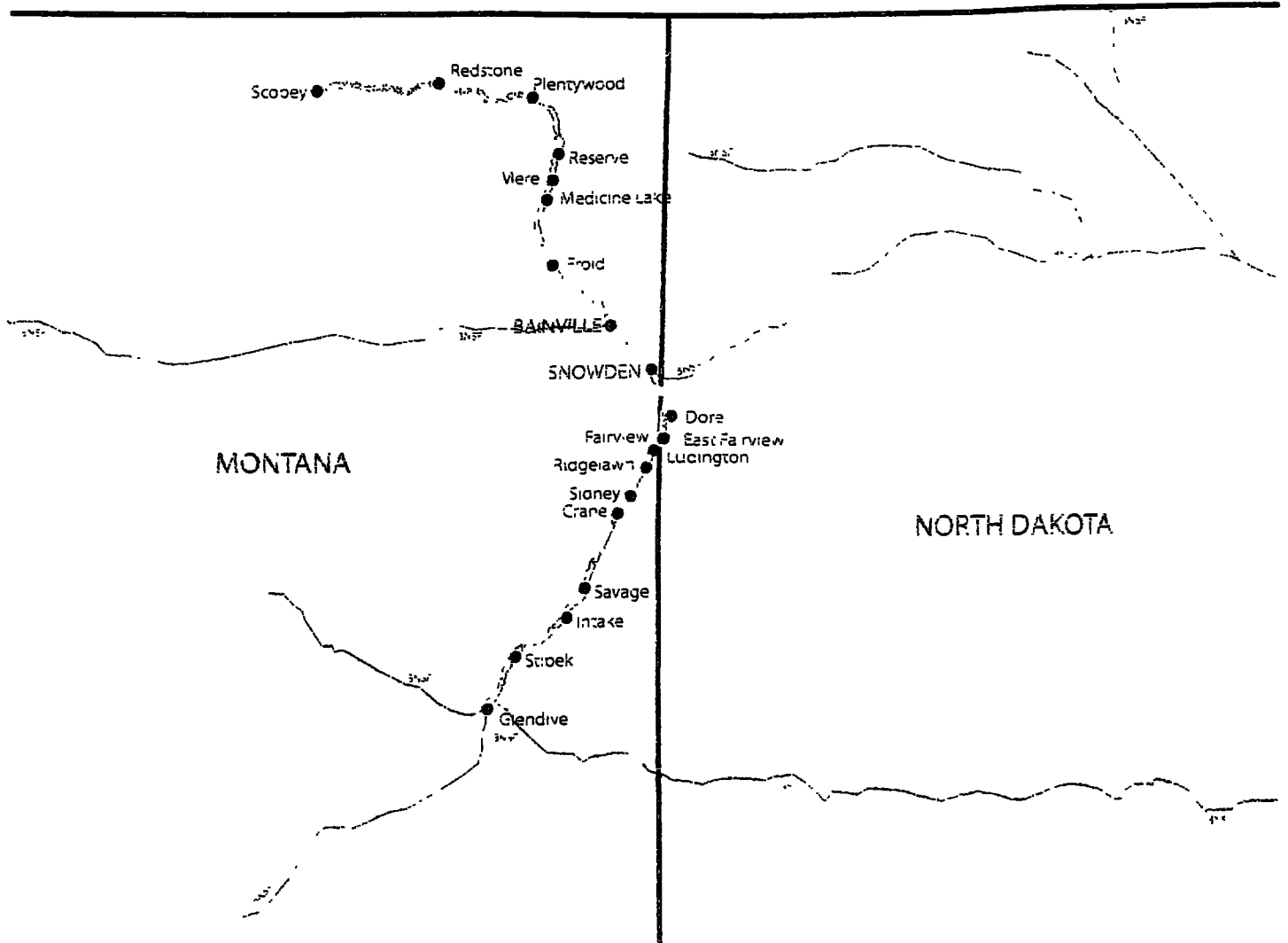
A hand-drawn map showing the border between Arkansas and Louisiana. The border is a jagged line running vertically. To the left of the border is 'ARKANSAS' and to the right is 'LOUISIANA'. A horizontal line crosses the border from the left. On the Arkansas side, there are two points labeled 'Redwood' and 'Cedars'. A point labeled 'WICKSVILLE' is marked with a solid black circle on the border line, between Redwood and Cedars. A dashed line extends from the left towards the border near Wicksville. The text 'MISSISSIPPI' is partially visible on the right edge.

A hand-drawn map showing the border between Arkansas and Louisiana. The Mississippi River is depicted as a wavy line running vertically. To the west of the river is Arkansas, and to the east is Louisiana. A horizontal line at the top represents the border with Missouri. A road is drawn crossing the Mississippi River. Along this road, three locations are marked: 'Redwood' is at the top, 'WICKES AR' is in the middle (marked with a solid black circle), and 'Cegars' is at the bottom. A dashed line runs horizontally across the map, passing behind the river.

 Mechanical Services

 Mechanical Services

CANADA



LEGEND:

Yellowstone Valley RR - SVR

Yellowstone Valley Trackage Rights

Interchanges - Track miles 172

31.57 - Snowden, Bainville

MINNESOTA

MICHIGAN

WISCONSIN

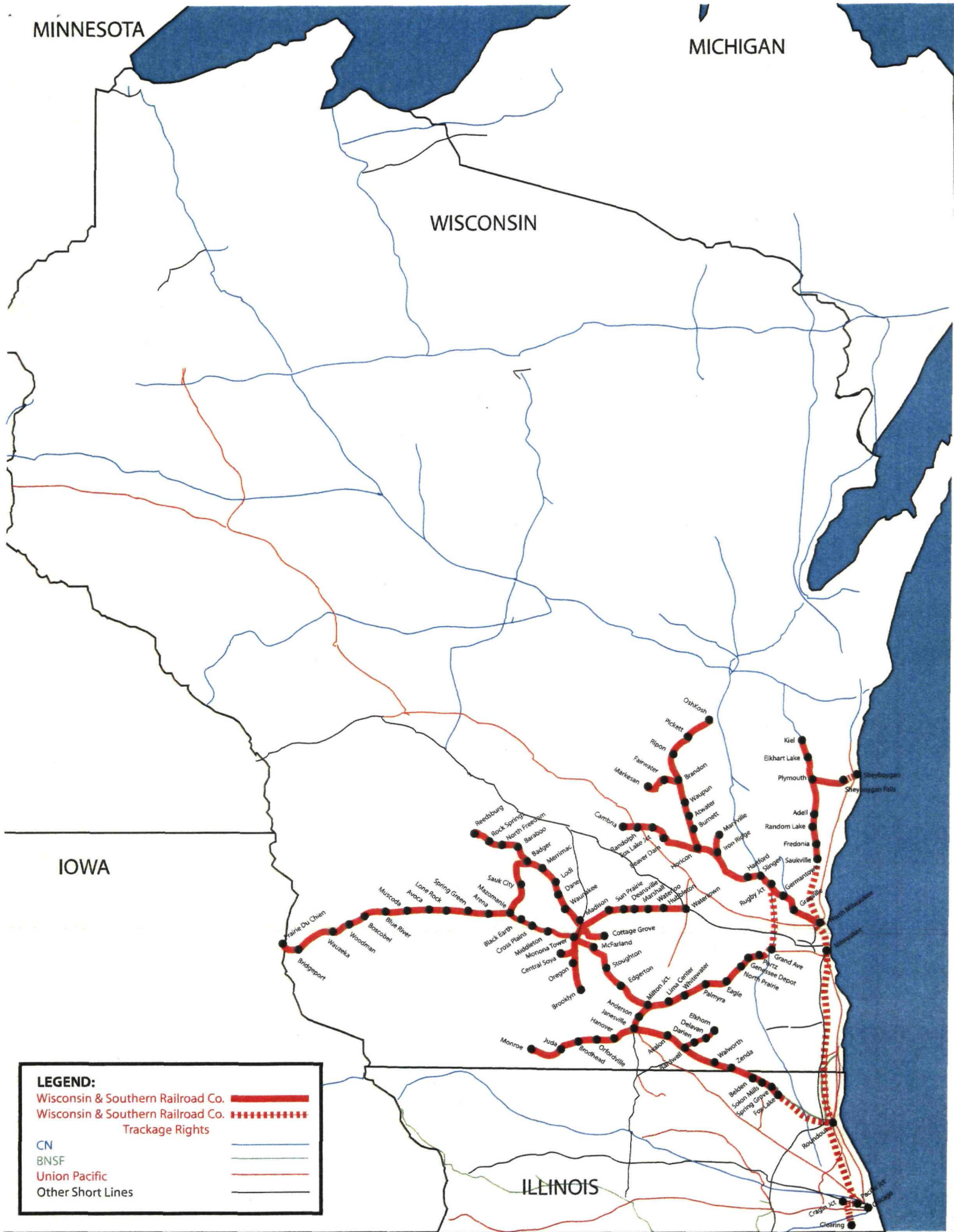
IOWA

ILLINOIS

LEGEND:

Wisconsin & Southern Railroad Co. 
Wisconsin & Southern Railroad Co. 
Trackage Rights

CN 
BNSF 
Union Pacific 
Other Short Lines 



Date: Mar 09, 2012 11:13am User ID: Lowin, Joine
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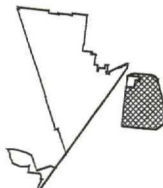
143 BILLY MITCHELL BLVD. STE 6.
 SAN ANTONIO, TX. 78226. 210.362.7800

EAST KELLY RAILPORT RAIL LAYOUT



LEGEND:

- PORT RAIL - 22967 LF
- TENANT RAIL LINES
- PROPERTY LINE / R.O.W.
- UNION PACIFIC RAIL LINES
- RAIL SWITCH
- △ DERAIL



KEYMAP: